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**Chairman's Remarks**  
**Fairfax County Fiscal Year 2013 Budget Mark-Up**  
**April 24, 2012**

*Morning has broken, like the first morning  
Blackbird has spoken, like the first bird*

Cat Stevens, 1971

Our mark-up today is the first budget of this Board's four year term. It is quite a contrast from four years ago when we adopted a budget to a backdrop of what is now known as "**The Great Recession.**" Our nation was experiencing the failure of financial and lending institutions, plummeting property values and rising unemployment. We were also struggling to meet rising demands for human services, food stamps and for rental and mortgage assistance.



During the past years, working in partnership with our residents, corporate neighbors and our workforce, Fairfax County has responded successfully to meet the challenges caused by radically changing economic conditions.

**Today, while not entirely out of the woods, we are beginning to see evidence of recovery, a slow and sluggish recovery, but recovery none-the-less.** Land use applications are once again making their way through our system. Commercial leasing and building activity has strengthened. Projected General Fund revenue growth is an increase of 3.56%, (with real estate value changes of 0.71% for residential and 8.21% for commercial). Houses are beginning to sell again and seriously delinquent loans are declining. *Hopefully we are beginning to see the dawn of a new day.*

The Budget that we are about to mark up (amend the Advertised Budget) reflects that recovery. The Fiscal Year 2013 Budget:

- Continues to hold the line on taxes. **By converting one half of the advertised increase in the Stormwater Fee, this budget maintains the same effective tax rate included in the budget proposed by the County Executive in February.** The tax rate of \$1.075, along with a Stormwater fee of \$0.02 results in a modest annual increase in the average tax bill of \$79.
- **The School Transfer is maintained at the advertised 4.5% increase over FY 2012.** This General Fund Transfer for school operations and debt service totals \$1.85 billion and represents 52.2% of the County's total FY 2013 budget.
- **For the first time since 2009 this budget restores full compensation adjustments for our employees.** It includes the advertised Market Rate Adjustment of 2.18% across the board effective July 1<sup>st</sup>, and adds merit increments and longevity steps for public-safety employees on their anniversary dates along with a 2.5% performance based scale increase in January for all non-public safety merit employees.
- Based on Human Services Council recommendations, testimony and comment throughout the budget process, **\$1.36 million is added to the Advertised Budget for Human Services priorities. In addition funding is added and/or redeployed to fund the Board's Housing Blueprint for the acquisition of 200 new housing units and \$1.3 million for the County's portion of Housing Blueprint's Community Challenge.**
- To address critical state and federal reductions to include requirements for the Community Services Board (CSB) and other Human Services programs **a reserve of \$4.2 million is established** as a safety net for our most critical services and most vulnerable residents.
- In response to requests and comments received during the budget process some additional restorations have been included for library hours, public safety programs and the arts in Fairfax County.

With that, Madam Chairman, I will move approval of the separate motions for the *FY 2012 Third Quarter Review* and the FY 2013 Mark up.

## **FY 2012 Third Quarter Review**

I move approval of the *FY 2012 Third Quarter Review* including approval of Supplemental Appropriation Resolution AS 12100 and Amendment to the Fiscal Planning Resolution AS 12901 which includes the revenue, expenditure and transfer adjustments and grant awards and adjustments and associated reserve adjustments contained in the County and School's Third Quarter Review and Supplemental Appropriation Resolution AS 11155 which reflects final FY 2011 audit adjustments.

The *FY 2012 Third Quarter Review* is adjusted based on the April 4, 2012 Consideration Item to reflect the use of \$1.5 million in higher than projected cable franchise fee revenue available within Fund 105, Cable Communications for turf field development at high schools. This funding would be available to match fundraising efforts of the schools, parents and community and would close the gap between available/planned funding and actual costs of the fields. In particular, the funding would support turf field development at the four high schools included in the applications submitted during the FY 2012 funding cycle:

Robinson Secondary School	\$150,000
Centreville High School	\$275,000
McLean High School	\$175,000
South Lakes High School	\$175,000

The remaining balance of \$725,000 would be available to support, on a competitive basis, other high school artificial turf field development activities as fundraising in those schools continues.

As a result of the approval of the *FY 2102 Third Quarter Review*, there is a balance of **\$2,462,157.**

## **FY 2013 Budget Mark-Up**

I will next outline the FY 2013 budget proposal.

In FY 2013 the County support for our most important priority, the Fairfax County Public Schools and this budget maintains the School portion of the overall budget at over 52%. In FY 2013 this proposal includes an increase of 4.5% in the transfer to the School Operating Fund above the FY 2012 level. **This transfer when combined with County support for School debt services results in County Schools receiving 52.2% of County General Fund Disbursements.**

The Board of Supervisors' "Adjustments to the FY 2013 Budget Proposal" package (Attachment A) which the Board reviewed at our Budget Committee meeting on April 20, 2102 includes:

1. Use of the **\$2.5 million** balance resulting from the *FY 2012 Third Quarter Review*
2. Conversion of \$0.005 from the Stormwater Fee to the Real Estate Tax Rate for a FY 2013 rate of \$1.075 per \$100/value (and a Stormwater Fee of \$0.02) resulting in **\$9.975 million**
3. Application of the FY 2013 Revenue Reserve for State Reductions of **\$4,178,357**
4. Application of a reduction in debt service requirements as a result of anticipated FY 2013 reimbursements of **\$3,182,291**
5. Reallocation of a **\$2.5 million** Solid Waste balance which was transferred from the General Fund in FY 2008 and not used
6. Use of **\$1.5 million** Child Care Assistance and Referral reserve currently identified for FY 2014 with future funding to be addressed in FY 2014 budget development.
7. Reduction of **\$1,014,508** in funding for anticipated Health Insurance premiums effective January 2013 (from 10% to 8%) and other fringe benefit savings

**As a result of these actions, \$24,812,313 is available for the following adjustments:**

8. A funding increase of **\$16.54 million** for employee compensation including an FY 2013 MRA of 2.18%, as recommended by the County Executive, effective the first full pay period in July, merit increments and longevities for public-safety

employees on their anniversary dates beginning pay period 14 and a 2.5% performance based scale increase in January for non-public safety merit employees. The Board of Supervisors continues to appreciate the excellent work of County employees especially during these difficult times.

9. Identify a reserve of **\$4,178,357** to offset critical state and federal reductions to include requirements for the Community Services Board and other Human Service programs. The CSB is directed to return to the Board at the May 8, 2012 Human Services Committee with specific FY 2013 actions to address budget challenges.
10. A funding increase based on feedback in response to Human Services Council Recommendations of **\$1,360,269** is included for Human Service priorities to maintain Access Fairfax (\$75,000), Computer Learning Centers (\$90,000), Rent Relief for the elderly/disabled (\$275,000), the existing and expanded Adult Dental Program (\$100,000), Home Based Care (\$300,000), and School Health substitutes (\$71,735) and to provide additional support for the Funding Pool (\$448,534) to offset reductions in CDBG funding.
11. **Identifying the County share of the Community Challenge for the Housing Blueprint of \$1.3 million** to include additional General Fund support of \$543,750 and reallocation of \$756,250 in existing Department of Housing and Community Development resources. As a result our community partners would need to identify the balance of funding (\$1.3 million) for FY 2013. In addition, **\$2 million in funding for the 200 units of affordable housing identified in the FY 2013 Housing Blueprint is available in Fund 319**, generated from program income, loan repayment and reallocations and the necessary funding adjustments will be made as part of the *FY 2012 Carryover Review*.
12. A funding increase to restore 9 hours weekly at Regional Libraries and 3 hours weekly at Community Libraries at a cost of **\$674,359** and 14 part time positions.
13. Increase funding for the Arts by **\$100,000** including for the Arts Council (\$50,000), the Fairfax Symphony (\$25,000) and Wolftrap (\$25,000).
14. A funding increase of **\$10,000** for the Regional 4H program.
15. A funding increase of **\$131,283** is necessary to support salary and fringe benefit for 2 new positions required in the Fire Prevention Division to address increased workload as a result of Tysons development.
16. A funding increase of **\$249,604** is necessary to maintain funding for the 2 staff of Marine Patrol.

17. A funding increase of **\$460,668** is necessary to maintain funding for the 6 staff of the HAZMAT Support Unit.
18. Funding of **\$150,000** to redesign the Engineer and Surveyors Institute program.
19. A funding increase of **\$83,010** is necessary to maintain funding for the Police cadet program, although positions would be converted to non-merit status.

Therefore, having provided public notice and conducted a public hearing as required by Virginia law, **I move approval of the FY 2013 Budget as Advertised, with the changes I just summarized** (as detailed in the “Adjustments to the FY 2013 Budget Proposal” package), advertised changes to Sewer service and base charges, and required Managed Reserve adjustments. The tax and fee increases become effective on and after July 1, 2012. These actions result in a balanced budget for FY 2013.

## **BOARD MOTIONS**

### **Approval of the FY 2013-2017 Capital Improvement Program (with future fiscal years to 2022)**

- I move Board approval of the FY 2013-FY 2017 Capital Improvement Program (with future fiscal years to 2022) with the following amendments:
  - Recommend the proposed \$50 million bond referendum for Parks Authority increase to \$75 million. As a result the referendum for County Parks will total \$63 million and for the Northern Virginia Regional Park Authority will total \$12 million. The sale of bonds for Parks will be programmed within the County's Principles of Sound Financial Management and debt capacity ratios.
  - Make all necessary adjustments to reflect actions taken during the Board's decision on the FY 2013 Adopted Budget Plan that impact the CIP.